

UPPER EXPLORERLAND REGIONAL
PLANNING COMMISSION

INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 2015

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INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Upper Explorerland Regional Planning Commission
Postville, Iowa

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Upper Explorerland Regional Planning Commission, as of June 30, 2015 and the related Notes to the Financial Statements, which collectively comprise the Commission's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Commission's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, we express no such opinion. An audit also includes evaluation the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Upper Explorerland Regional Planning Commission, as of June 30, 2015, and the respective changes in financial position for the year ended in conformity with U.S. generally accepted accounting principles.

Emphasis of Matter

As described in Note 24 to the financial statements, Upper Explorerland Regional Planning Commission adopted new accounting guidance related to the Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions—an Amendment of GASB statement No. 27. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Schedule of the Commission's Proportionate Share of the Net Pension Liability, and the Schedule of Commission Contributions on pages 3 thru 5 to be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Commission's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the fourteen years ended June 30, 2014 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 5, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to

themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated February 8, 2016 on our consideration of the Commission's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Commission's internal control over financial reporting and compliance.

Ridihalgh, Fuelling, Snitker, Weber & Co., P.C.

RIDIHALGH, FUELLING, SNITKER, WEBER & CO., P.C.

February 8, 2016

CERTIFIED PUBLIC ACCOUNTANTS

Upper Explorerland Regional Planning Commission (UERPC) Management Discussion and Analysis as of June 30, 2015

Upper Explorerland Regional Planning Commission (UERPC) has been in existence for over 40 years. UERPC's mission is to promote regional cooperation and meet the planning and economic development needs of local governments. UERPC is a membership-supported organization of local governmental bodies in the northeast Iowa counties of Allamakee, Clayton, Fayette, Howard and Winneshiek. The sharing of information and the cooperation facilitated by UERPC has managed economies of scale, greater efficiencies, and more uniformity in the delivery of services. Regional cooperation through UERPC allows the region to collectively undertake and seize upon opportunities with unified effort and pooled resources, thereby greatly improving opportunities and outcomes.

UERPC's Executive Director and financial management team offer this narrative overview and analysis of the financial activities for the year ended June 30, 2015. UERPC administration can predict and address some significant known or anticipated events, conditions, trends and contingencies that may affect the agency since fiscal year-end and going forward. The financial statements of UERPC consist of the operations of Upper Explorerland Regional Planning Commission and the Workforce Innovation and Opportunity Act (WIOA) program administered by UERPC. Not included in this audit are the Upper Explorerland Regional Housing Authority (RHA) and UERPC Housing, Inc., each of which is a separate entity and is therefore separately audited. You can locate all of the UERPC affiliated audits on the website, www.uerpc.org.

Diversity was the focal point during FY 2015. UERPC management team sought out several new projects that were new to the Council of Government (COG) world and to UERPC. The diversity of the new projects has allowed UERPC to increase financial security and independence from state and federal program inconsistencies.

UERPC has become recognized as an ideal vehicle for addressing issues that require a regional perspective, obtaining over \$233 million in grant funds since its establishment in November of 1972. More specifically, this fiscal year UERPC obtained over \$5.9 million from grant funds for our various counties and communities.

Financial Highlights:

Balance Sheet Summary (as found in Exhibit A of this report):

- The total assets of UERPC exceeded the liabilities at June 30, 2015 by \$1,472,901, decreasing net assets by \$547,819 from June 2014.

	June 30, 2015	June 30, 2014	Net Change
Total Assets	\$3,547,167	\$3,976,071	\$428,904 decrease
Total Liabilities	\$1,955,358	\$1,955,351	\$ 7 increase
Total Net Assets	\$1,472,901	\$2,020,720	\$547,819 decrease

Beginning in 2015 governmental entities that are part of IPERS were required to make certain adjustments to their financial statement based on their share of the underfunding of IPERS. Based on the audit of IPERS by the Auditor of State, The Commission's share of the underfunding at June 30, 2014 was \$774,093. GASB 68 required that the Net Position for June 30, 2014 be reduced by this \$774,093 and the booking of a liability of the same amount. See note 24 of the note disclosures for additional explanation. At June 30, 2015 the Commission's share of that underfunding was \$472,752. This reduction of \$301,341 in the liability netted against the Deferred Inflows and Deferred Outflows, of the Commission's contributions to IPERS resulted in a change of \$172,433 which was shown as income for the year ended June 30, 2015. Exhibit A shows the Deferred Inflows of Resources and Deferred Outflows of Resources separately. These numbers were also based on the audit of IPERS by the Auditor of State. Other audit financials can be found in the Exhibit A section.

Management predicts a typical year of encounters within the fiscal year 2015. UERPC management realizes that grant funding is likely to continue to decline going forward; UERPC's future success depends on its ability to continue to increase its' diversity within the industry by providing services for which a fee can be charged. Many of the types of programs/projects have begun in 2014. Many of the programs that have traditionally had greater stability of funding are now receiving or are threatened to continue to receive lower funding levels. The low-income rental assistance program, community development block grants, and workforce development programs are all experiencing decreases in funding. Management continues to monitor these programs and their funding levels, while researching new opportunities.

UERPC has expanded its' partnerships within the agency to both office locations. In the Postville office, Northeast Iowa Community Action has joined the partnership and holds an office within the Postville location. UERPC continues its' partnerships within the Decorah location with IowaWorks, Hawkeye Community College, Goodwill, and ISU Extension. UERPC is ecstatic to become a one-stop shop for residents within the region. Additionally, the purchase of an office building in Decorah has had a positive impact on cash flow for the organization. The rental income from our partners has significantly offset occupancy costs associated with the new building and will provide an annual source of unrestricted revenue funds for UERPC.

In 2015, the lawsuit that begun in October 2010 by the City of Postville and a Postville City Council member, stemming from the Commission's vote to purchase the building in Decorah has ended. The Iowa Supreme Court denied Plaintiffs' Application for Further Review of the decision issued by the Iowa Court of Appeals.

Please review the audit report and schedules in its entirety for a full report on UERPC. This management analysis and discussion attempts to provide only a summary view of the 2015 fiscal year.

Rachelle Howe
Executive Director
Upper Explorerland Regional Planning Commission

Basic Financial Statements

UPPER EXPLORERLAND REGIONAL PLANNING COMMISSION
STATEMENT OF NET POSITION
As of June 30,2015**ASSETS**

Cash and cash equivalents	\$ 1,243,304
Accounts receivable, federal sources	286,747
Accounts receivable, other	128,903
Interest receivable	2,174
Prepays	9,430
Investments	85,245
Loans receivable	943,964
Fixed assets(net)	847,400

TOTAL ASSETS3,547,167**DEFERRED OUTFLOWS OF RESOURCES**61,386**LIABILITIES**

Accounts payable	250,932
Accrued leave additive	42,378
Self Fund	4,536
Interest Payable	1,647
Deferred income	55,778
Noncurrent liabilities:	
Due within one year:	
Loan payable	75,348
Due in more than one year:	
Loan payable	1,051,987
Net Pension Liability	472,752

TOTAL LIABILITIES1,955,358**DEFERRED INFLOWS OF RESOURCES**180,294**NET POSITION**

Investment in fixed assets/Car Replacement-	
Net of Related Debt	319,057
Restricted Fund Balance:	
HAWC	52,667
RLF	452,946
IRP	501,362
Unrestricted:	
Board Committed-CGOI	110,000
Unassigned	36,869

TOTAL NET POSITION\$ 1,472,901

UPPER EXPLORERLAND REGIONAL PLANNING COMMISSION
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2015

Functions / Programs:	Expenses	Program Receipts		Net (Expense)
		Charges for	Operating	Revenue and
		Service	Grants	Changes in
			Contributions	Net Position
			Restr. Int.	Governmental
				Activities
Governmental Activities:				
Salaries	\$ 854,162	410,278	432,992	(10,892)
Employee benefits	257,501	135,749	119,187	(2,565)
Travel and per diem	26,539	15,450	10,912	(177)
Contracted service	25,673	21,919	3,998	244
Conferences and training	6,265	3,405	2,804	(56)
Client training	37,009	-	35,478	(1,531)
Other support	41,701	11,957	28,726	(1,018)
Equipment purchase/lease	2,987	1,093	1,836	(58)
Office/office supplies	12,398	12,220	393	215
Occupancy expense	78,301	58,292	20,243	234
Legal/professional fees	9,613	4,210	5,256	(147)
In kind match	44,185	-	42,357	(1,828)
Allocated costs	169,171	73,187	93,346	(2,638)
Interest	6,374	-	6,110	(264)
Grants/programs	1,017,288	-	975,194	(42,094)
Depreciation	13,579	13,464	356	241
Total Governmental				
Activities	\$ 2,602,746	761,224	1,779,188	(62,334)
General Revenues (Uses):				
Unrestricted interest				657
Rents				92,132
Other				11,929
IPERS NPL and Deferred Outflows and Inflows adjustment				182,433
Total general revenues				287,151
Change in net position				224,817
Net position beginning of year, restated				1,248,084
Net Position End of Year				\$ 1,472,901

UPPER EXPLORERLAND REGIONAL PLANNING COMMISSION
GOVERNMENTAL FUNDS
BALANCE SHEET
June 30, 2015

	General		
	Fund	CSP	RLF
ASSETS			
Cash and cash equivalents	\$ 540,575	15,615	127,074
Accounts receivable, federal	216,554	94,290	-
Accounts receivable, other	25,033	45,252	26,366
Interest receivable	-	-	583
Investments	85,245	-	-
Prepays	9,430	-	-
Loans receivable	-	-	302,978
TOTAL ASSETS	\$ 876,837	155,157	457,001
LIABILITIES			
Accounts payable	\$ 51,232	139,543	4,055
Accrued leave additive	42,378	-	-
Deferred income	40,164	15,614	-
Reserve self funding	4,536	-	-
TOTAL LIABILITIES	138,310	155,157	4,055
FUND EQUITY			
Fund balance:			
Restricted:			
RLF	-	-	452,946
IRP	-	-	-
Local match	-	-	-
HAWC	-	-	-
WIA	-	-	-
Debt reserve	-	-	-
Committed by the board:			
CGOI	110,000	-	-
Unassigned	628,527	-	-
TOTAL FUND EQUITY	738,527	-	452,946
TOTAL LIABILITIES & FUND EQUITY	\$ 876,837	155,157	457,001

See notes to financial statements

Special Revenue				Totals
IRP	WIA	HOME	NonMajor	
476,174	13,755	-	43,745	1,216,938
-	34,521	-	-	345,365
-	-	-	-	96,651
1,591	-	-	-	2,174
-	-	-	-	85,245
-	-	-	-	9,430
631,652	-	-	9,334	943,964
1,109,417	48,276	-	53,079	2,699,767
7,414	48,276	-	412	250,932
-	-	-	-	42,378
-	-	-	-	55,778
-	-	-	-	4,536
7,414	48,276	-	412	353,624
-	-	-	-	452,946
752,003	-	-	-	752,003
350,000	-	-	-	350,000
-	-	-	52,667	52,667
-	-	-	-	-
-	-	-	-	-
-	-	-	-	110,000
-	-	-	-	628,527
1,102,003	-	-	52,667	2,346,143
1,109,417	48,276	-	53,079	2,699,767

See notes to financial statements

UPPER EXPLORERLAND REGIONAL PLANNING COMMISSION
 STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE-GOVERNMENTAL FUNDS
 Year Ended June 30, 2015

	General		
REVENUES	Fund	WIA	CSP
Intergovernmental:			
Federal	\$ -	5,054	965,347
State	-	-	22,528
Local	-	1,874	-
Miscellaneous:			
Interest	657	-	-
Rents	92,132	-	-
In Kind	-	-	124,093
Other	650,739	-	-
Total revenues	<u>743,528</u>	<u>6,928</u>	<u>1,111,968</u>
EXPENDITURES			
Salaries	383,846	262,835	-
Employee benefits	125,878	53,369	-
Travel and per diem	14,623	8,352	-
Contracted services	21,502	-	-
Shared support	9,027	-	-
Conferences and training	3,340	1,493	-
Client training	-	37,009	-
Other support	15,553	22,977	-
Equipment purchase/lease	1,072	1,915	-
TBRA deposit assistance	-	-	-
Office/ office supplies	10,859	-	-
Occupancy Expense	57,184	21,117	-
Legal/profession fees	4,130	1,920	-
In kind match	-	-	124,093
Allocated costs	71,796	55,832	-
Interest	-	-	-
Grants/programs	-	-	511,230
Long term debt principal	42,441	-	-
Total expenditures	<u>761,251</u>	<u>466,819</u>	<u>635,323</u>
NET REVENUES (EXPENDITURES)	(17,723)	(459,891)	476,645
OTHER FUNDING SOURCES (USES)			
TRANSFERS:			
Special Revenue:			
WIA	-	459,891	(459,891)
Fiscal Agent for CSP	16,754	-	(16,754)
NET CHANGE IN FUND BALANCES	(969)	-	-
FUND BALANCE, beginning	<u>739,496</u>	<u>-</u>	<u>-</u>
FUND BALANCE-ENDING	<u>\$ 738,527</u>	<u>-</u>	<u>-</u>

See notes to financial statements

EXHIBIT D

SPECIAL REVENUE				
IRP	RLF	HOME	Other Nonmajor Gov Fds	Total
-	-	322,252	302,014	1,594,667
-	-	-	-	22,528
-	-	-	5,283	7,157
-	-	-	-	-
33,063	-	-	225	33,945
-	13,772	-	-	105,904
-	-	-	-	124,093
200	1,776	-	82,855	735,570
33,263	15,548	322,252	390,377	2,623,864
15,927	9,355	42,667	139,535	854,165
4,464	2,824	11,499	53,503	251,537
-	-	1,455	1,846	26,276
-	-	4,011	1,481	26,994
-	-	-	-	9,027
-	-	545	605	5,983
-	-	-	-	37,009
-	-	9,297	7,684	55,511
-	-	-	-	2,987
-	-	-	-	-
-	-	270	1,275	12,404
-	-	-	-	78,301
-	-	-	-	6,050
-	-	-	44,185	168,278
5,878	3,081	5,032	27,034	168,653
6,374	-	-	-	6,374
-	-	247,476	134,489	893,195
52,906	-	-	-	95,347
85,549	15,260	322,252	411,637	2,698,091
(52,286)	288	-	(21,260)	(74,227)
-	-	-	-	-
-	-	-	-	-
(52,286)	288	-	(21,260)	(74,227)
1,154,289	452,658	-	73,927	2,420,370
1,102,003	452,946	-	52,667	2,346,143

See notes to financial statements

EXHIBIT E

UPPER EXPLORERLAND REGIONAL PLANNING COMMISSION
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
 TO THE STATEMENT OF ACTIVITIES
 For The Year Ended June 30, 2015

Total governmental fund balance (page xxx)		\$ 2,346,143
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in government activities are not current financial resources and, therefore, are not reported in the governmental funds. The cost of assets is \$1,009,449 and the accumulated depreciation is \$159,091.		850,358
Other long term assets are not available to pay current year expenditures and, therefore, are recognized as deferred inflows of resources in the governmental funds.		
Pension related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds.		
Deferred outflows of resources	61,386	
Deferred inflows of resources	(180,294)	(118,908)
Long term liabilities, including notes payable, net pension liability, and accrued interest, are therefore, are not reported as liabilities in the governmental funds.		(1,604,692)
Total Net Position-Statement of Activities		<u>\$ 1,472,901</u>

See notes to financial statements

UPPER EXPLORERLAND REGIONAL PLANNING COMMISSION
NOTES TO FINANCIAL STATEMENTS

1) NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

A. Nature of Activities

Upper Explorerland Regional Planning Commission was created under Chapter 473A and 28E, State Code of Iowa as a regional planning organization to serve the counties of Allamakee, Clayton, Fayette, Howard, and Winneshiek, Iowa. The commission is governed by a Board of Commissioners appointed from the five counties.

The commission provides comprehensive studies and plans for the development of the five county area. Its programs are financed from federal and state grants and contracts, county appropriations, and interest earned on investments.

In addition, the commission administers various Community Development Block Grant programs and is responsible for administering the various programs established under the Workforce Investment Act and also provides special services in the form of printing, reproduction, and mapping.

The Commission through its Revolving Loan Fund programs and Intermediary Relending Program makes low interest loans available to business in the five county area.

The Commission acted as Fiscal Agent for Iowa Workforce Development Department from July 1, 1998 until April 1, 2012. Up to that time it performed accounting functions, and received and disbursed funds on behalf of the Coordinating Service Provider. It administered the Promise Jobs Program to assist welfare recipients in becoming self-sufficient. It provided employment and training opportunities for low-income individuals and other special groups. This was provided by offering assistance through classroom, pre-employment and on the-job-training.

Since March 31, 2012 the Commission has continued to act as a pass-thru agency for East Central Intergovernmental Agency.

B. Measurement Focus and Basis of Accounting

The entity-wide financial statements are reported using the economic resource measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses

are recorded when a liability is incurred regardless of the timing of related cash flows.

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measureable and available. The Commission considers all revenues reported in the governmental funds to be available in the current period or soon enough thereafter, sixty days, to be considered revenues of the current period. Expenditures are recorded when the related fund liability is incurred and is measurable except for principal and interest on general long term debt, claims and judgments, and compensated absences which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long term debt and acquisitions under capital leases are reported as other financing sources.

C. Basis of Presentation

Commission-wide Statements-The Statement of Activities and Net Position are reported in the following categories:

Net investment in capital assets consists of capital assets, net of accumulated depreciation/amortization and reduced by outstanding balance of debt attributable to the acquisition, construction or improvement of those assets.

Restricted Net Assets result when constraints placed on net asset use are either externally imposed or imposed by law, grant or contract.

Unrestricted Net Assets consist of net assets that do not meet the definition of the preceding category. Unrestricted Net Assets may have constraints on resources imposed by management or the board of directors, which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct disbursements of a given function are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants, contributions and interest on investments restricted to meeting the operational or capital requirements of

a particular function. Other items not properly included among program revenues are reported instead as general revenues.

The Commission has no business-type activities or fiduciary funds.

Fund Financial Statements-Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as non-major governmental funds.

The Commission reports the following major governmental funds:

The General Fund is the general operating fund of the Commission. All revenues not allocated by law, grant or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, the fixed charges and the capital improvement costs that are not paid from other funds.

The Special Revenue WIA Fund accounts for activities associated with providing job training and retraining programs.

The Special Revenue CSP Fund accounts for the revenues and expenditures of the Commission in its capacity as Fiscal Agent for Iowa Workforce Development Department sources including grants from the federal government.

The Special Revenue IRP Fund accounts for the receipts and disbursements of the Intermediary Relending Program. The program makes low interest loans to businesses in the five county area.

The Special Revenue RLF Fund accounts for the revenues and expenditures of the Revolving Loan Fund. The program makes low interest loans in the five county area.

The Special Revenue HOME Fund accounts for the revenues and expenditures under the HOME Program. Funds are used for community revitalization with the intent to create housing for low income families and individuals.

D. Fund Equity-In the governmental fund financial statements, fund balances are classified as follows:

Nonspendable-Amounts which cannot be spent either because they are in a non-spendable form, or because they are legally or contractually required to be maintained intact.

Restricted-Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or imposed by law through constitutional provisions or enabling legislation.

Committed-Amounts which can be used only for specific purposes pursuant to constraints formally imposed by the Board through resolution approved prior to year end. Those committed amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same action it employed to commit those amounts.

Unassigned-All amounts not included in other spendable classifications.

E. Cash Equivalents

The Commission considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. There were no cash equivalents at June 30, 2015.

F. Budgets and Budgetary Accounting

Upper Explorerland Regional Planning Commission does prepare financing and spending budgets for programs on a project basis. The Commission is not required to adopt a legal budget under state law.

G. Allocation of Fringe Benefits and Indirect Costs

WIA division of UERPC charges all payroll directly to grants based on actual expenditures in accordance with the Office of Management and Budget Circular A-87. Fringe benefits are distributed to the various grant/program areas based on total payroll percentages calculated any given month for the various grant program areas.

The Commission division of UERPC allocates indirect costs to all grants in accordance with the Office of Management and Budget Circular A-87.

Fringe benefits are distributed to the various grant-program areas based on a total payroll percentage. Total payroll percentage is determined by first obtaining a percentage of the administrative staff charged directly to grant/program areas, and adding "pool salaries" which are allocated based on the direct salary percentage.

Indirect costs are allocated based on the direct payroll percentages.

H. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

2) CASH AND CASH EQUIVALENTS

Cash and equivalents consists of deposits at financial institutions and certificates of deposits with a maturity of three years or less. Cash and cash equivalents by fund are as follows:

Commission	\$540,575
H.A.W.C	43,745
R.L.F	153,441
I.R.P	476,173
W.I.A	13,755
C.S.P.	15,615
	<u>1,243,304</u>
\$	

The Commission's deposits beyond FDIC insurance are insured by Iowa under a Sinking Fund to insure public deposits under the authority of Chapter 12C, Code of Iowa and 781-13, Iowa Administrative code. This Fund insures public deposits in each individual bank up to the amount of that bank's total.

3.) ACCOUNTS RECEIVABLE

Accounts receivable are shown at their gross amounts. No allowance for bad debts is shown due to the fact that it is believed that all receivables are collectable. Accounts receivable by fund is as follows:

Accounts receivable - federal:	
Commission	\$ 112,684
W.I.A	34,521
C.S.P.	<u>139,542</u>
	<u>\$ 286,747</u>
Accounts receivable - other	
Commission	\$ <u>128,903</u>

4.) INVESTMENTS

The Commission has the following investments:

One hundred-fifty one units of Principal Financial Group, Inc. with a basis of \$3,561 and the fair market value, based on closing value times 151 units, at June 30, 2015 was \$7,745.

The Commission has \$77,500 invested in Decorah Metronet (DMN). This is a Communications Service Agreement to assist and provide a cost-efficient approach to common telecommunications needs.

5.) FIXED ASSETS

Fixed assets are recorded at cost and includes depreciable and non-depreciable assets. Non-depreciable assets include equipment purchased with grant dollars. Depreciable assets are depreciated over their estimated useful lives using the straight-line method of depreciation. Depreciation on vehicles are recorded as Car Replacement.

A summary of changes in general fixed assets follows:

	Balance June 30, <u>2014</u>	<u>Additions</u>	<u>Deletions</u>	Balance June 30, <u>2015</u>
Fixed Assets	\$ 998,192	23,278	14,902	1,006,568
Accumulated Depreciation	<u>144,347</u>	<u>29,425</u>	<u>14,604</u>	<u>158,168</u>
Net	\$ <u>853,845</u>	<u>(6,147)</u>	<u>(298)</u>	<u>847,400</u>

The Commission had no capitalized interest costs for the year ended June 30, 2015.

6.) LEAVE ADDITIVE EMPLOYEE BENEFIT

The Commission's leave additive consists of vacation leave and compensatory overtime earned. Leave additive is calculated monthly and charged to the various programs. A liability account is used to offset these charges. When leave time is actually taken, it is then charged against the leave additive liability account. Any regular employee separating from service shall be paid as a separation pay. The total leave additive charged to the programs for the year ended June 30, 2015, was \$66,550.

Accrued Leave Additive at June 30, 2015 was \$42,378.

7.) PENSION AND RETIREMENT BENEFITS

Plan Description-IPERS membership is mandatory for employees of the Commission, except for those covered by another retirement system. Employees of the Commission are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by Iowa Public Employees Retirement System (IPERS). IPERS issues a stand alone financial report which is available to the public by mail at 7401 Register Drive P.O. Box 9117, Des Moines, Iowa, 50306-9117 or at www.ipers.org.

IPERS benefits are established under Iowa Code chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information.

Pension Benefits-A regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, anytime after reaching age 62 with 20 or more years of covered employment, or when the member's years of service plus the member's age at the last birthday equals or exceeds 88, whichever comes first. (These qualifications must be met on the member's first month of entitlement to benefits.) Members cannot begin receiving retirement benefits before age 55. The formula used to calculate a Regular member's monthly IPERS benefit includes:

- A multiplier (based on years of service)
- The members highest five-year average salary. (For members with service before June 30, 2012, the highest three-year average salary as of that date will be used if it is greater than the highest five-year average salary.)

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25 percent for each month that the member receives benefits before the member's earliest normal retirement age. For service earned starting July 1, 2012, the reduction is 0.50 percent for each month that the member receives benefits before age 65.

Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the

member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior July 1990 receive a guaranteed dividend with their regular November benefit payments.

Disability and Death Benefits- A vested member who is awarded federal Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member's beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present actuarial value of the member's accrued benefit or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

Contributions-Effective July 1, 2012, as a result of a 2010 law change, the contribution rates are established by IPERS following the annual actuarial valuation, which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. Statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires that the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll, based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal year 2015, pursuant to the required rate, Regular members contributed 5.95 percent of pay and the Commission contributed 8.93 percent for a total rate of 14.88 percent.

The Commission's contributions to IPERS for the year ended June 30, 2015 were \$ 75,827.

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.

At June 30, 2015, the Commission reported a liability of \$472,752 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Commission's proportion of the net pension liability was based on the Commission's share of contributions to the pension plan relative to the contributions of all IPERS participating employers. At June 30, 2014, the Commission's collective

proportion was 0.00011681 percent, which was an decrease of 0.00001991 from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015 the Commission recognized pension expense of \$72,399. At June 30, 2015, the Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows	Deferred Inflows
	Of Resources	
Differences between expected and actual experience	\$5,138	-
Change in assumptions	20,864	-
Net difference between projected and actual earnings on pension investments	-	180,294
Changes in proportion and differences between Utility contributions and proportionate share of contributions	35,384	-
Utility contributions subsequent to the measurement date	-	-
	<u>\$61,386</u>	<u>180,294</u>

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the pensions will be recognized in pension expense as follows:

Year ended June 30,

2016	(\$31,496)
2017	(31,496)
2018	(31,496)
2019	(31,496)
2020	<u>7,076</u>
	<u>118,908</u>

There are no non-employer contributing entities at IPERS.

Actuarial Assumptions-The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of inflation	3.00 percent per annum
(effective June 30, 2014)	
Rates of salary increase	4.00 to 17.00 percent, average, including
(effective June 30, 2010)	inflation. Rates vary by membership group
Long-term investment rate of return	7.50 percent, compounded annually, net
(effective June 30, 1996)	of investment expense, including inflation

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of actuarial experience studies with dates corresponding to those listed above.

Mortality rates were based on the RP-2000 Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	23%	6.31
Non US Equity	15	6.76
Private Equity	13	11.34
Real Estate	8	3.52
Core Plus Fixed Income	28	2.06
Credit Opportunities	5	3.67
TIPS	5	1.92
Other Real Assets	2	6.27
Cash	<u>1</u>	(0.69)
Total	<u>100%</u>	

Discount Rate-The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the contractually required rate and that contributions from the Utility will be made at the contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Commission's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate-The following presents the Commission's proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, as well as what the Commission's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate.

	1% Decrease	Discount Rate	1% Increase
	6.5%	7.5%	8.5%
Commission's proportionate share of the net pension liability	\$ 893,251	472,752	117,807

The above numbers represents the estimated amount of the total Commission's share.

Pension Plan Fiduciary Net Position-Detailed information about the pension plan's fiduciary net position is available in the separately issued IPERS financial report which is available on IPER'S website at www.ipers.org.

Payables to the Pension Plan-At June 30, 2015, the Commission reported no payables to the defined benefit pension plan for legally required employer contributions and none for legally required employer contributions which had been withheld from employee wages but not yet remitted to IPERS.

8.) Medical Insurance/Health Alternative

Plan Description-The Commission operates a benefit plan which provides medical/prescription drug benefits for active and retired employees. There are 20 active and no retired members

currently in the plan. The medical/prescription drug benefits are provided through a plan with Wellmark. The Commission switched to United Health Care in August 2013. The Commission self-insures and budgets 15% of the anticipated claims. Retirees would pay the same premium as active employees. Regular full-time employees are eligible for single coverage health insurance. Employees who deny coverage under the Commission's health insurance policy will be allowed to apply their amounts to a 457(b) tax sheltered annuity under plan established by Commission.

In addition the Commission offers dental coverage for single employees and retired employees, and vision coverage for current and retired employees and their families.

Regular part-time employees (working a minimum of 1,560 hours per year) will be eligible for the medical insurance benefit according to hours worked. Regular part-time employees (working a minimum of 1,040 hours per year) will be provided a health alternative benefit according to hours worked. An employee who is laid off or resigns may continue coverage under the Commission's current medical insurance policy as provided by federal and state COBRA law in effect at the time of the lay off or resignation.

Funding Policy- The contribution requirements of plan members are established and may be amended by the Commission. The most recent active member monthly premium for the Commission and plan members was \$526 medical, \$37 dental and \$8 for vision. Family coverage is available and the cost to the employee is \$1,078 for medical, \$86 for dental and \$20 for vision.

The Commission requires all employees on their plan to contribute 10% of the cost of their medical premium. The Commission pays dental and vision.

Currently there are no retirees on the plan and the Commission would finance any retiree benefit plan at the same cost on a pay-as-you-go basis. For the year ended June 30, 2015 the Commission contributed \$61,758 to the plan.

9.) SELF FUNDING MEDICAL EXPENSE

In a cost saving measure in regard to their insurance expenses the Commission started a Self-Funding account. The Commission has a third-party administrator to handle claims. During the

year ended June 30, 2014 the Commission allocated \$4,958 to the fund and paid out \$2,500. Balance at June 30, 2015 was \$4,536.

10) ADVERTISING

Advertising costs are accrued as incurred. Advertising costs for the year were \$380 in the General Fund.

11) COST ALLOCATION PLAN

Upper Explorerland Regional Planning Commission has adopted a cost allocation plan to allocate indirect costs to the various programs. Any cost, which cannot be assigned directly to a program, is allocated based upon this cost allocation plan. Indirect costs allocated to the various programs for the year ended June 30, 2015, totaled \$168,653.

12) SUPPORT FROM GOVERNMENTAL UNITS

The Commission receives substantially all of its support from Federal, state, and local governments. A significant reduction in the level of this support, if this were to occur, would have a significant effect on the Commission's programs and activities.

13) RESTRICTED FUND BALANCE

The Commission's Restricted Fund Balance is made up of the following:

Fund Balance-HAWC		\$	52,667
Fund Balance-RLF			452,946
Fund Balance-IRP:			
Fund Balance-Local Match	350,000		
Fund Balance-Loan Pool	113,463		
Fund Balance-Reserve for Bad Debt	<u>37,899</u>		
Total Fund Balance-IRP			<u>501,362</u>
TOTAL RESTRICTED FUND BALANCE-EXHIBIT A			<u>\$1,006,975</u>

See Note 17 for the amounts required for the Reserve for Bad Debts. These funds may be used only for the purpose of transferring to the General Operating Account amounts, of actual loan losses and amounts to pay principal and interest on IRP Promissory Notes when there are insufficient funds in the General Operating Account.

Investment income derived from any account shall remain a part of such account.

14) CONTINGENT LIABILITY - SICK LEAVE

Commission employees accumulate sick leave hours for subsequent use. These accumulations are not recognized as expenditures by the Commission until used.

Sick leave is only payable when used and is not available to employees upon termination, retirement or death. After the maximum allowable sick leave of 720 hours (90 days) is accumulated, additional sick leave earned is then converted to annual leave at a 3 to 1 ratio. Three hours of sick leave earned is then equal to one hour of annual leave.

15) LOANS RECEIVABLE

Loans receivable consist of the following:

Loans under the HAWC Program	\$ 9,334
Loans under the Intermediary	
Relending Program (See note 17)	631,652
Loans under the Revolving Loan	
Program (See note 18)	302,978
	<u>\$ 943,964</u>

16) UPPER EXPLORERLAND REGIONAL HOUSING AUTHORITY

The Commission contracts for the administration of Upper Explorerland Regional Housing Authority (hereinafter call "Authority"). This is a governmental organization that is an agent for landlords who rent housing facilities to low income individuals with assistance from the Federal government. The Authority operates in Allamakee, Clayton, Fayette, Howard and Winneshiek counties of northeast Iowa. Rachelle Howe, executive director of the Commission, is also the director of the Authority. The Commission bills the Authority for direct salaries, fringe benefits and overhead. During the fiscal year ended June 30, 2015, this amounted to \$196,327.

The Authority is audited separately and a report has been issued under separate cover.

17) INTERMEDIARY RELENDING PROGRAM (IRP)

On March 12, 1993, UERPC entered into a loan agreement with the U.S.D.A. The purpose of the loan is to provide "low interest financing to new and expanding business for which credit is not otherwise available or terms and conditions are not available which would permit completion and/or the successful operation of the proposed business activities." In order to secure this loan, UERPC received \$250,000 in capital contributions from the five counties it represents. The loan is for \$1,000,000 and will be for 30 years at one percent interest per annum. Principal payments were deferred for the first three years of the loan and the first amortized annual payment was made March 29, 1997. The balance of this loan at June 30, 2015, was \$320,598.

On March 20, 2003 Commission entered into an agreement with Rural Development, United States Department of Agriculture for an additional \$400,000 loan. In order to secure this loan the Commission had to contribute \$100,000. The loan is for \$400,000 and will be paid over 30 years at one percent interest per annum. Principal payments were deferred for the first three years. Interest only was paid on March 20 of the years 2004, 2005 and 2006. First payment of principal and interest was to be March 20, 2007, and thereafter on every March 20 for twenty seven years. The payment amount is \$16,980. The balance at June 30, 2015 was \$278,396.

As part of an "Amended IRP Revolving Fund Agreement", dated March 20, 2003 the parties have agreed to combine the two loans for purposes of establishing a Reserve for Bad Debt only. This Reserve for Bad Debt is based on the loans receivable and that loans receivable will approximate the original loan, or loans, plus intermediary contributions. Therefore when fully funded, the Reserve for Bad Debt should be approximately six percent of \$1,750,000 or \$105,000. Per the agreement the Commission should began to accumulate funds in the Reserve in accordance with their delinquency or loss records, so that the six percent of requirement can be reached within three years. This Reserve is to be maintained at this level thereafter. The June 30, 2015 balance was \$37,115 which was short of the required six percent of outstanding loans. Rural Development has okayed an adjustment every six months rather than monthly.

(18) REVOLVING LOAN FUND (RLF)

In May, 1990, UERPC was awarded \$375,000 in Federal funds, by the Economic Development Administration (EDA) and then supplied a local match of \$125,000 to develop a \$500,000 Regional Revolving Loan Fund Program to promote business development. The Commissions' obligation to the Federal government continues as long as RLF assets, in the form of cash, receivables, personal and real property, and notes or other financial instruments developed through the use of the funds, continue to exist. The agreement states in part that:

"If EDA determines that a grant recipient is failing to meet his obligation, the Agency will assert its equitable reversionary interest in the RLF assets."

19) HAWC PARTNERSHIPS FOR CHILDREN (HAWC)

HAWC was established to provide to provide loans to child care providers to increase licensed child care sites and expand child care capacity in northeast Iowa. Any project is eligible as long as it will open a registered child care site or expand services for a registered child care provider in the counties of Howard, Allamakee, Clayton, Winneshiek, and Fayette. The maximum loan for an eligible project is \$5,000 with interest rates between 3-5%. The loans are to be repaid from one to five years and can be recalled at anytime if the borrower is not compliant with the lending criteria. The loans are secured by one or more of the following: a secondary mortgage on real estate; a lien on fixtures, furnishing, machinery, and equipment; a personal guarantee; and a promissory note.

20) IN KIND MATCH

During the year the Commission had a Planning grant from the U.S. Department of Commerce for \$61,000. The grant called for a hard match of \$19,000 in cash and an in-kind match of \$42,000. During year ended June 30, 2015 the Commission received \$61,000 from the U.S. Department of Commerce, had hard match of \$19,011 and in kind match of \$44,185.

21) INDEBTEDNESS

There was a note with Waukon State Bank of Waukon, Iowa dated April 27, 2013 for \$600,000 which was refinanced during the year ended June 30, 2014. The purpose of the note was to purchase a

building in Decorah Iowa. Interest rate was 5.15%. Due date of note was April 15, 2026. There was to be one hundred seventy nine monthly payments of \$3,580.92 and a balloon payment of \$334,696.32 on April 15, 2026.

This debt was refinanced with Farmers & Merchants Bank of Waukon, Iowa. The debt is now ten year fixed at 4.5%. The note is amortized over twenty years. Payments are scheduled at \$3,142 per month. Balance of note at June 30, 2015 was \$528,341.

There is a loan agreement with Rural Development, United States Department of Agriculture, with an original balance of \$1,000,000. Interest rate 1%. Payments are \$42,446 for thirty years. Balance at June 30, 2015 was \$320,598. (See Note #17)

There is a loan agreement with Rural Development, United States Department of Agriculture with an original balance of \$400,000. Interest rate of 1%. Payments are \$16,980 for Thirty years. Balance at June 30, 2015 was \$278,396. (See Note #17)

Maturity Schedule:

Year Ended June 30,	
2016	\$ 51,358
2017	53,387
2018	55,514
2019	57,743
2020	60,079
2021-2025	153,302
2026-2030	646,067
2031-2033	49,885
	<u>\$ 1,127,335</u>

The Commission has a line of credit of \$100,000 with the Farmers and Merchants Savings Bank of Waukon, Iowa. The LOC is dated July 28, 2014. Interest is variable based on 1.25% above Wall Street Journal U.S. Prime Rate. Original rate was 4.5%. This LOC matures July 28, 2019.

22) OPERATING LEASES

The Commission has a two year lease for office space in Waukon, Iowa. The lease expired June 30, 2014. Lease was renewed for two years until June 30, 2016. The lease is \$75 per month, but the Commission subleases space to Northeast Iowa Community Action Corporation for \$30 per month. Sublease is for twenty four months ending June 30, 2016.

Future minimum lease payments are \$900 for the year ending June 30, 2016 for the Waukon office.

23) RELATED PARTY TRANSACTIONS

No related party transactions were noted.

24) Accounting Change/Restatement

GASB No. 68, Accounting and Financial Reporting for Pensions-an Amendment of GASB No. 27 was implemented during fiscal year 2015. The revision establishes new financial reporting requirements for state and local governments that provide their employees with pension benefits, including additional note disclosures and required supplementary information. In addition, GASB No. 68 requires a state or local government employer to recognize a net pension liability and changes in the net pension liability, deferred outflows of resources and deferred inflows of resources which arise from other types of events related to pensions. During the transition year, as permitted, beginning balances for deferred outflows of resources and deferred inflows of resources will not be reported, except for deferred outflows of resources related to contributions made after the measurement date of the beginning net pension liability which is required to be reported by GASB No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date. Beginning net position for governmental activities was restated to retroactively report the beginning net position liability and deferred outflows of resources related to contributions made after the measurement date, as follows:

Net position June 30, 2014, as previously reported	\$2,022,177
Net pension liability at June 30, 2014	(774,093)
Deferred outflows of resources related to contributions	
Made after the June 30, 2013 measurement date	<u>-</u>
Net Position July 1, 2014, as restated	<u>\$1,248,084</u>

25) LITIGATION

There are currently no pending or threatened litigation or any claims and/or assessments involving Upper Explorerland Regional Planning Commission.

26) SUBSEQUENT EVENTS

The Commission has evaluated subsequent events thru February 8, 2016 the date which the financial statements were available to be issued and present the following subsequent event.

REQUIRED SUPPLEMENTARY INFORMATION

UPPER EXPLORERLAND REGIONAL PLANNING COMMISSION

Schedule of the Commission's Proportionate Share of the
Net Pension Liability

Iowa Public Employees' Retirement System

As of June 30, 2015

(in thousands)

Other Information

	<u>2015</u>
Commissions proportion of the net pension liability	0.01681%
Commission's proportionate share of the net pension liability	\$472
Commission's covered-employee payroll	\$849
Commission's proportionate share of the net pension liability as a percentage of its covered-employee payroll	55.59%
Plan fiduciary net position as a percentage of the total pension liability	87.61%

GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the Commission will present information for those years for which information is available.

See accompanying independent auditor's report

UPPER EXPLORERLAND REGIONAL PLANNING COMMISSION

SCHEDULE OF COMMISSION CONTRIBUTIONS

Iowa Public Employee's Retirement System
 Last Ten Years
 (In Thousands)

Other Information

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Statutorily required contribution	75	70	71
Contributions in relation to the statutorily required contribution	<u>(75)</u>	<u>(70)</u>	<u>(71)</u>
Contribution deficiency(excess)	<u>-</u>	<u>-</u>	<u>-</u>
Commission's covered-employee payroll	849	784	819
Contributions as a percentage of covered-employee payroll	8.93%	8.93%	8.67%

See accompanying independent auditor's report

<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
90	100	53	45	42	37	33
(90)	(100)	(53)	(45)	(42)	(37)	(33)
-	-	-	-	-	-	-
1,115	1,439	797	709	694	643	574
8.07%	6.95%	6.65%	6.35%	6.05%	5.75%	5.75%

UPPER EXPLORERLAND REGIONAL PLANNING COMMISSION

Notes to Required Supplementary Information - Pension Liability

June 30, 2015

Changes of benefit terms:

Legislation passed in 2010 modified benefit terms for current Regular members. The definition of final average salary changed from the highest three to the highest five years of covered wages. The vesting requirement changed from four years of service to seven years. The early retirement reduction increased from 3 percent per year measured from the member's first unreduced retirement age to a 6 percent reduction for each year of retirement before age 65.

In 2008, legislative action transferred four groups - emergency medical service providers, county jailers, county attorney investigators, and National Guard installation security officers - from Regular membership to the protection occupation group for future service only.

Benefit provisions for sheriffs and deputies were changed in the 2004 legislative session. The eligibility for unreduced retirement benefits was lowered from age 55 by one year each July 1 (beginning in 2004) until it reached age 50 on July 1, 2008. The years of service requirement remained at 22 or more. Their contribution rates were also changed to be shared 50-50 by the employee and employer, instead of the previous 40-60 split.

Changes of assumptions:

The 2014 valuation implemented the following refinements as a result of a quadrennial experience study:

- Decreased the inflation assumption from 3.25 percent to 3.00 percent.
- Decreased the assumed rate of interest on member accounts from 4.00 percent to 3.75 percent per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Reduced retirement rates for sheriffs and deputies between the ages of 55 and 64.
- Moved from an open 30 year amortization period to a closed 30 year amortization period for the UAL beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20 year period.

The 2010 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted retiree mortality assumptions.
- Modified retirement rates to reflect fewer retirements.
- Lowered disability rates at most ages.
- Lowered employment termination rates.
- Generally increased the probability of terminating members receiving a deferred retirement benefit.
- Modified salary increase assumptions based on various service duration.

The 2007 valuation adjusted the application of the entry age normal cost method to better match projected contributions to the projected salary stream in the future years. It also included in the calculation of the UAL amortization payments the one-year lag between the valuation date and the effective date of the annual actuarial contribution rate.

The 2006 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted salary increase assumptions to service based assumptions.
- Decreased the assumed interest rate credited on employee contributions from 4.25 percent to 4.00 percent.
- Lowered the inflation assumption from 3.50 percent to 3.25 percent.
- Lowered disability rates for sheriffs and deputies and protection occupation members.

Supplementary Information

UPPER EXPLORERLAND REGIONAL PLANNING COMMISSION
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
Year Ended June 30, 2015

REVENUES	Total Nonmajor Gov Fds	HAWC	Farm 2 School	SRTS	SRTS Mtchl1/Hwrd	SRTS Fay Co
Intergovernmental						
Federal	\$ 302,014	-	46,826	49,181	-	-
State	1,723	-	-	-	-	-
Local	24,820	-	-	-	3,753	1,530
Miscellaneous						
Interest	225	225	-	-	-	-
Other	82,855	187	-	5,314	-	-
Total revenues	411,637	412	46,826	54,495	3,753	1,530
EXPENDITURES						
Salaries	139,535	-	606	34,249	-	-
Employee benefits	53,503	-	231	13,233	-	-
Travel and per diem	1,846	-	-	533	-	-
Contracted services	1,481	-	-	-	-	-
Other support	7,684	-	-	3,307	-	-
TBRA Deposit Assistance	-	-	-	-	-	-
Office/Office Supplies	1,275	-	-	1,129	-	-
Conferences/Training	605	-	-	-	-	-
Professional Fees	-	-	-	-	-	-
In Kind	44,185	-	-	-	-	-
Allocated costs	27,034	412	173	2,044	-	-
Grants/Programs	134,489	-	45,816	-	3,753	1,530
Total expenditures	411,637	412	46,826	54,495	3,753	1,530
NET REVENUES (EXPENDITURES)	-	-	-	-	-	-
FUND BALANCE, beginning	78,808	52,667	-	-	-	-
FUND BALANCE, ending	\$ 78,808	52,667	-	-	-	-

See accompanying independent auditor's report

SCHEDULE 1

Special Revenue		EDA Planning Grant	Tenant Based Rental Assis.	Iowa Business Network			
ISU Marketing	Department of Trans- poration			Admin & Other	IDEA 12-RMG-04	IDEA 13-RMG-08	Jumpstart
	20.205/20.209	11.302	14.239				
46,327	56,628	61,000	2,347	-	-	-	39,705
-	-	-	-	-	-	1,723	-
-	-	-	-	18,924	613	-	-
-	-	-	-	-	-	-	-
-	14,158	63,196	-	-	-	-	-
46,327	70,786	124,196	2,347	18,924	613	1,723	39,705
-	42,282	47,555	1,430	11,370	-	-	2,043
-	16,064	18,203	564	4,491	-	-	717
-	183	931	25	87	-	-	87
-	929	552	-	-	-	-	-
-	942	1,259	7	38	-	-	2,131
-	-	-	-	-	-	-	-
-	56	84	-	6	-	-	-
-	35	570	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	44,185	-	-	-	-	-
-	10,295	10,857	321	2,932	-	-	-
46,327	-	-	-	-	613	1,723	34,727
46,327	70,786	124,196	2,347	18,924	613	1,723	39,705
-	-	-	-	-	-	-	-
-	-	-	-	37,803	(4,969)	(6,693)	-
-	-	-	-	37,803	(4,969)	(6,693)	-

UPPER EXPLORERLAND REGIONAL PLANNING COMMISSION
 SCHEDULE OF REVENUES, EXPENDITURES
 and CHANGES IN FUND BALANCE
 WORKFORCE INVESTMENT ACT
 Year Ended June 30, 2015

	Total Contracts	R.H.A.	Bridges to Healthcare	RWIB
			17.245	
REVENUES				
Intergovernmental				
Federal	\$ 6,928	1,874	5,054	-
State	-			
Other	-			
Total revenues	6,928	1,874	5,054	-
EXPENDITURES				
Client Training	-			
Programs-W.I.A.	466,819	1,874	5,054	931
Administration	-			
Total				
expenditures	466,819	1,874	5,054	931
NET EXCESS REVENUES (EXPENDITURES)	(459,891)	-	-	(931)
TRANSFERS IN (OUT):				
Special Revenue:				
CSP	459,891	-	-	931
	459,891	-	-	931
NET EXCESS REVENUES AND TRANSFERS OUT	-	-	-	-
FUND BALANCE, beginning	-	-	-	-
FUND BALANCE, ending	\$ -	-	-	-

SCHEDULE 2

#13-W-01-FR-0	#13-W-01-FR-F	Soy Basics SEG #15-W-PF-RR-0-01	Soy Basics E.I.	Youth Careet Connect	IBM E.I.
-	-	-	-	-	-
-	-	-	-	-	-
391,109	1,418	22,528	3,320	38,578	2,007
391,109	1,418	22,528	3,320	38,578	2,007
(391,109)	(1,418)	(22,528)	(3,320)	(38,578)	(2,007)
391,109	1,418	22,528	3,320	38,578	2,007
391,109	1,418	22,528	3,320	38,578	2,007
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-

UPPER EXPLORERLAND REGIONAL PLANNING COMMISSION
 SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE
 WORKFORCE INVESTMENT ACT CONTRACT # 13-W-01-FR-0
 Year Ended June 30, 2015

	Total W.I.A. #13-W-01 FR-0	Admin- istrative	Adult	Dislocated Worker	Youth In School	Youth Out of School
REVENUES:						
Intergovernmental:						
Federal	\$ -	-	-	-	-	-
State	-	-	-	-	-	-
Total revenues	-	-	-	-	-	-
EXPENDITURES:						
Programs-W.I.A.	391,109	37,033	97,420	86,725	94,812	75,119
Total expenditures	391,109	37,033	97,420	86,725	94,812	75,119
TRANSFERS IN (OUT):						
Special Revenue:						
CSP	391,109	37,033	97,420	86,725	94,812	75,119
NET	-	-	-	-	-	-
FUND BALANCE, beginning	-	-	-	-	-	-
FUND BALANCE, ending	\$ -	-	-	-	-	-

UPPER EXPLORERLAND REGIONAL PLANNING COMMISSION
 SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE
 FISCAL AGENT for COORDINATING SERVICE PROVIDER
 WORKFORCE INVESTMENT ACT
 Year Ended June 30, 2015

	Total Workforce Investment Act	Programmatic Youth Career	Admin-Youth Career Connect	Leveraged Dollars	WIOA Trans Funding	#14-W-PF-RR-0-01 Quad Graphics SEG
		17.274	17.274			17.278
REVENUES:						
Intergovernmental:						
Federal	\$ 965,347	177,312	30,919	-	1,418	24,977
State	22,528	-	-	-	-	-
In Kind	124,093			124,093		
Total revenues	1,111,968	177,312	30,919	124,093	1,418	24,977
EXPENDITURES:						
Programs-E.C.I.A.	393,791	35,460	-	-	-	24,977
Programs-N.I.C.C.	241,532	108,773	8,666	124,093	-	-
Total expenditures	635,323	144,233	8,666	124,093	-	24,977
TRANSFERS IN (OUT):						
Special Revenue:						
General Fund	(16,754)	-	(16,754)	-	-	-
WIA	(459,891)	(33,079)	(5,499)	-	(1,418)	-
	(476,645)	(33,079)	(22,253)	-	(1,418)	-
NET	-	-	-	-	-	-
FUND BALANCE, beginning	-	-	-	-	-	-
FUND BALANCE, ending	\$ -	-	-	-	-	-

See accompanying independent auditor's report

#15-W-PF-RR-0-10 14-W-PF-RR-0-03		# 13-W-01FR-0					
IBM E.I.	Soy Basics	RWIB	Admin- istrative	Adult	Youth In School	Youth Out of School	Dislocated Worker
17.278	17.278	17.258/.259/.278	17.258/.259/.278	17.258	17.259	17.259	17.278
2,007	3,320	931	71,274	199,600	130,297	140,915	182,377
-	22,528	-	-	-	-	-	-
2,007	25,848	931	71,274	199,600	130,297	140,915	182,377
-	-	-	34,241	102,180	35,485	65,796	95,652
-	-	-	-	-	-	-	-
-	-	-	34,241	102,180	35,485	65,796	95,652
-	-	-	-	-	-	-	-
(2,007)	(25,848)	(931)	(37,033)	(97,420)	(94,812)	(75,119)	(86,725)
(2,007)	(25,848)	(931)	(37,033)	(97,420)	(94,812)	(75,119)	(86,725)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-

See accompanying independent auditor's report

SCHEDULE 5

UPPER EXPLORERLAND REGIONAL PLANNING COMMISSION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2015

<u>Federal Grantor / Program</u>	<u>Federal CFDA Number</u>	<u>Grant Number</u>	<u>Program Expenditures July 1, 2014 to June 30, 2015</u>
DIRECT:			
<u>U.S. Department of Commerce:</u>			
Economic Development Planning Grant	11.302	05-83-03891	\$ 61,000
Title IX Economic Adjustment Program-Revolving Loan Fund	11.307	Perpetual	-
TOTAL DEPARTMENT OF COMMERCE			<u>61,000</u>
<u>U.S. Department of Transportation</u>			
Indirect passthrough Iowa Department of Transportation			
Federal Transit Administration-Transportation Planning	20.515	14RPA-01	56,628
Safe Routes to School	20.205	11-SRTS-004	49,181
TOTAL DEPARTMENT OF TRANSPORTATION			<u>105,809</u>
INDIRECT:			
<u>U.S. Department of Labor</u>			
Indirect pass through Iowa Workforce Development Department			
Bridges to Health	17.245		<u>5,054</u>
Title I - Administration	17.258/.259/.278	13-W-01-FR-0	71,274
WOIA Administration			1,418
Title I - Adult	17.258	13-W-01-FR-0	199,600
Subtotal - WIA Adult CFDA # 17.258			<u>272,292</u>
WIA Youth in School Formula	17.259	13-W-01-FR-0	130,297
WIA Youth out of school	17.259	13-W-01-FR-0	140,915
Subtotal-Youth CFDA # 17.259			<u>271,212</u>
WIA Dislocated Worker	17.278	1-W-01-FR-0	182,377
Youth Career Connect	17.274	YC-25422-14-60-A-19	177,312
Youth Career Connect-Administration	17.274	YC-25422-14-60-A-19	30,919
Quad Graphics	17.278	14-W-PF-RR-0-01	24,977
Soy Basics	17.278	14-W-PF-RR-0-03	3,320
I.B.M. Early Intervention	17.278	15-W-PF-RR-0-10	2,007
R.W.I.B.	17.278	14W-PF-RR-0-03	931
Subtotal - WIA Dislocated Worker CFDA # 17.260			<u>421,843</u>
Subtotal - WIA Cluster CFDA # 17.258, 17.259, & 17.278			<u>965,347</u>
TOTAL DEPARTMENT OF LABOR			<u>970,401</u>
<u>U.S. Department of Agriculture</u>			
Business and Industrial Loans-Intermediary	10.767	Perpetual	-
Relending Program			
Farm 2 School Project Grant	10.575	CN-F2S-SS-14-IA-01	46,826
Local Food Promotion Program-Thru Iowa State University	10.168	14-LFPPX-IA-0054	46,327
TOTAL DEPARTMENT OF AGRICULTURE			<u>93,153</u>
<u>FEDERAL EMERGENCY MANAGEMENT AGENCY:</u>			
Home Investment Partnership (HOME)-Clayton Co	14.239	12-HM-141	50,171
Home Investment Partnership (HOME)-Oelwein	14.239	12-HM-138	51,182
Home Investment Partnership (HOME)-Postville/West Union	14.239	13-HM-169	196,571
Home Investment Partnership (HOME)-Decorah	14.239	14-HM-163	24,328
Tenant Based Rental Assistance	14.239	09--HM-602-40	2,347
Jumpstart Admin	14.228	08-DRH-201	4,978
Jumpstart-MFNP	14.228	08-DRH-201	34,727
TOTAL FEDERAL EMERGENCY MANAGEMENT AGENCY			<u>364,304</u>
TOTAL ALL FEDERAL PROGRAMS			<u>\$ 1,594,667</u>

See accompanying independent auditor's report

SCHEDULE 5
ContinuedUPPER EXPLORERLAND REGIONAL PLANNING COMMISSION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2015

NOTE 1-BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Upper Explorerland Regional Planning Commission and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic statements.

RFSW Ridihalgh Fuelling
Snitker Weber & Co.
C E R T I F I E D P U B L I C A C C O U N T A N T S

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Independent Auditor's Report on Internal Control
over Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in Accordance
with Government Auditing Standards

To the Board of Commissioners
Upper Explorerland Regional Planning Commission
Postville, Iowa

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Upper Explorerland Regional Planning Commission, as of and for the year ended June 30, 2015, and the related Notes to Financial Statements, which collectively comprise the Commission's basic financial statements, and have issued our report dated February 8, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Commission's internal control over financial reporting to determine the audit procedures appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of the Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified a deficiency in internal control we consider to be significant deficiency.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the Commission's

financial statements will not be prevented or detected and corrected on a timely basis. We did not identify any matters we considered to be a material deficiency.

A significant deficiency is a deficiency, or combination deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in Part II of the Schedule of Findings and Questioned Costs, item II-A-15, to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Commission's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards.

There are no comments involving statutory and other legal matters about the Commission's operations for the year ended June 30, 2015. Since our audit was based on tests and samples not all transactions that might have had an impact on comments were not necessarily audited.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing and not to provide an opinion on the effectiveness of the Commission's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the Commission during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

Ridihalgh, Fuelling, Snitker, Weber & Co., P.C.

RIDIHALGH, FUELLING, SNITKER, WEBER & CO., P.C.
CERTIFIED PUBLIC ACCOUNTANTS

February 8, 2016

Independent Auditor's Report on Compliance
For each Major Federal Program and on Internal Control over
Compliance
Required by OMB Circular A-133



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

To the Board of Commissioners
 Upper Explorerland Regional Planning Commission
 Postville, Iowa

Compliance

We have audited Upper Explorerland Regional Planning Commission's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on the Commission's major federal programs for the year ended June 30, 2015. Upper Explorerland Regional Planning Commission's major federal programs are identified in the Part I of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Commission's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Commission's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our opinion on compliance for the major federal programs. However our audit does not provide a legal determination on the Commission's compliance.

Opinion on Each Major Federal Program

In our opinion, the Commission complied, in all material respects, with the types of compliance requirements referred to above that could

have a direct and material effect on its major federal programs for the year ended June 30, 2015.

Report on Internal Control Over Compliance

The management of Upper Explorerland Regional Planning Commission is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Commission's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal programs to determine the auditing procedures appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal programs and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Ridihalgh, Fuelling, Snitker, Weber & Co., P.C.

RIDIHALGH, FUELLING, SNITKER, WEBER & CO., P.C.
CERTIFIED PUBLIC ACCOUNTANTS

February 8, 2016

UPPER EXPLORERLAND REGIONAL PLANNING COMMISSION

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2015

Part I-Summary of the Independent Auditor's Results

- (a) Unmodified opinions were issued on the financial statements.
- (b) A significant deficiency in internal control over financial reporting was disclosed by the audit of the financial statements.
- (c) The audit did not disclose any noncompliance, which is material to the financial statements.
- (d) No material weaknesses in internal control over major programs were noted.
- (e) An unmodified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit did not disclose any audit findings, which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section 510(a).
- (g) Workforce Investment Act Grants with the CFDA Numbers 17.258, 17.259, 17.278, and 14.239 were audited as major programs.
- (h) The dollar threshold used to distinguish between Type A and Type B programs were \$300,000.
- (i) Upper Explorerland Regional Planning Commission did not qualify as a low-risk auditee.

UPPER EXPLORERLAND REGIONAL PLANNING COMMISSION

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2015

Part II-Findings Related to the Financial Statements

II-A-15 SIGNIFICANT DEFICIENCY:

Preparation of Financial Statements - Management is responsible for establishing and maintaining internal controls over financial reporting and procedures related to accepted accounting principles (GAAP). The Commission does not have an internal resources to prepare the full-disclosure financial statements, including accompanying footnotes, as required by generally accepted accounting principles for external reporting. The guidance in Statement of Auditing Standards No. 115, *Communicating Internal Control Related Matters Identified in an Audit*, requires us to communicate this matter to those charged with governance.

As auditors, we were requested to draft the financial statements and accompanying notes to the financial statements. The outsourcing of these services is not unusual in an entity of this size, but it is the responsibility of management and those charged with governance to prepare reliable financial data, or accept the risk associated with this condition because of cost or other considerations.

Recommendation-We realize that obtaining the expertise necessary to prepare the financial statements, including necessary disclosures, in accordance with generally accepted accounting principles can be considered costly and ineffective. However, it is the responsibility of the Commission's management and those charged with the governance to make the decision whether to accept the degree of risk associated with this condition because of cost or other considerations.

Response - UERPC feels that obtaining the expertise necessary to prepare the financial statements, including necessary disclosures, in accordance with generally accepted accounting principles can be considered costly and ineffective. However, it is the responsibility of the

Commission's management and those charged with governance to make the decision whether to accept the degree of risk associated with this condition because of cost or other considerations.

Conclusion - Response accepted.

Part III: Findings and Questioned Costs: Major Federal Award Programs Audit

No matters were noted.

Part IV: Summary Schedule of Prior Audit Findings

There were no findings or questioned costs for the prior year ended June 30, 2014.